

Statistics in focus

ECONOMY AND FINANCE

BALANCE OF PAYMENTS

THEME 2 – 6/1999

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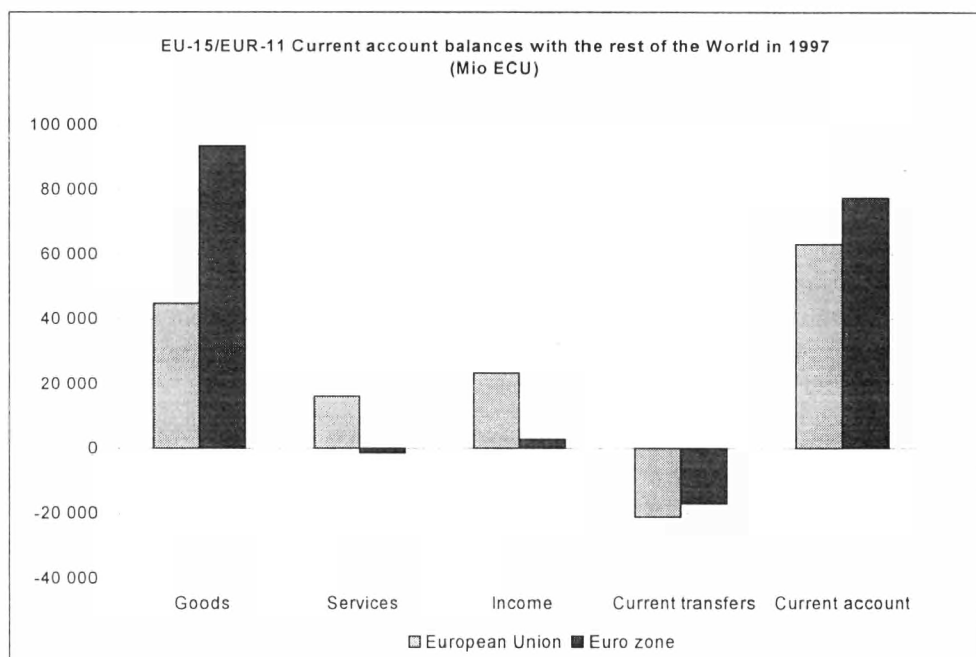
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1997 current account results: EU-15 surplus with the rest of the World up by 56%

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The current external surplus of the EU (ECU 63.2 billion) grew by 56%. The euro-zone¹ current external surplus reached ECU 77.7 billion corresponding to a growth of 47%. Travel surplus was up to ECU 0.6 billion for the EU and got to a remarkable ECU 7.9 billion for the euro-zone. Strong surpluses with the USA (ECU 18.5 billion for the EU and ECU 13.5 billion for the euro-zone) and deficits with Japan (around ECU -16.5 billion for both the EU and euro-zone) remain. The euro-zone trades more with the outside world than with itself.

In 1997 the EU current external surplus grew by 56% reaching ECU 63.2 billion

Preliminary 1997 results for the European Union (EU) current international transactions revealed a confirmation of the trend observed in 1996. In a global growth context for all the current account components, the EU surplus² with the rest of the world reached ECU 63.2 billion (56% up from a surplus of ECU 40.5 billion in 1996). This was due to increased surpluses in goods³ (47%), services (25%) and income (14%). Trade in goods represented 60% of the total current account (credits+debits), followed by services (19%), income (18%) and current transfers (3%).

¹ Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, The Netherlands, Austria, Portugal, Finland, and the European Union Institutions

² EU surplus calculated excluding Intra-EU transactions

³ According to Balance of Payments concept (FOB/FOB)



EU Current account with the rest of the World

Mio ECU

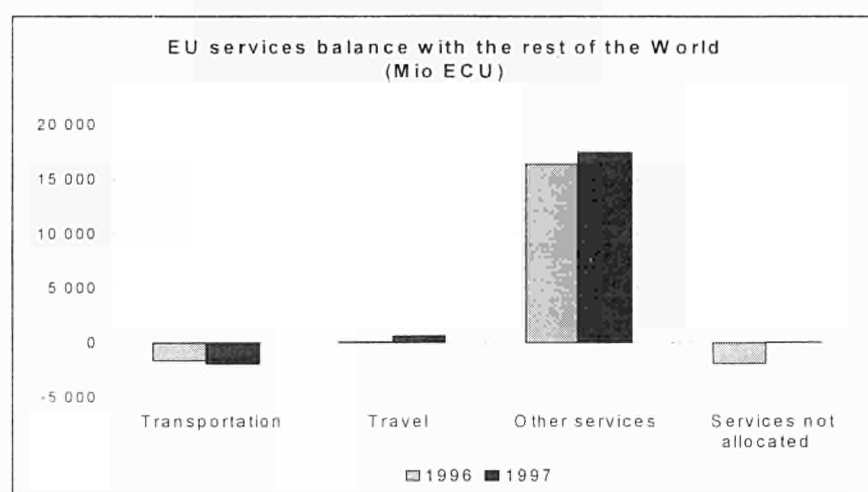
	Exports		Imports		Net		Net change (%)
	1996	1997*	1996	1997*	1996	1997*	
Current account	978 160	1 164 405	937 679	1 101 195	40 481	63 209	56%
Goods	591 093	691 814	560 574	646 924	30 519	44 890	47%
Services	195 871	226 190	182 953	209 986	12 918	16 203	25%
Transportation	48 902	56 732	50 551	58 686	-1 650	-1 954	-18%
Travel	49 508	56 633	49 407	55 999	101	633	525%
Other services	96 421	110 394	80 022	92 932	16 399	17 462	6%
Services not allocated	1 040	2 431	2 973	2 369	-1 933	63	..
Income	173 853	218 715	153 403	195 444	20 450	23 271	14%
Current transfers	17 343	27 686	40 750	48 840	-23 406	-21 154	10%

*Preliminary results

.. Not applicable -sign change

EU travel balance: up from equilibrium to an ECU 0.6 billion surplus

Trade in services registered a surplus of ECU 16.2 billion. However, the negative balance of transportation services persisted and was slightly down to a deficit of almost ECU -2.0 billion. Conversely, the ECU 0.6 billion surplus in travel represented a significant increase in relation to 1996 when the balance was virtually in equilibrium. The surplus in Other services (ECU 17.5 billion) was also up from its 1996 value (ECU 16.4 billion).



The euro-zone attained a record current external surplus of ECU 77.7 billion in 1997

In 1997, the euro-zone attained a surplus of ECU 77.7 billion in its external current account⁴. This represented a 47% growth on the previous year (ECU 52.8 billion in 1996). The expansion was fuelled by a 36% increase of the goods surplus. The deficit in current transfers remained almost at the same level (ECU -17.2 billion). The small deficit registered in services in 1996 (ECU -0.5 billion) grew deeper and reached ECU -1.5 billion due to the deficit registered in Other services (ECU -8.1 billion). This deficit could not be offset by the remarkable surplus in travel services (ECU 7.9 billion).



Methodological note: refer to the publication "EU/euro-zone current international transactions, edition 1998"

⁴ The analysis of the euro-zone excludes the domestic trade flows among the euro-zone Member States

The main difference between the EU and the euro-zone current international transactions concerned the balance of services: a surplus of around ECU 16.2 billion for the European Union and a deficit valued at ECU -1.5 billion for the euro-zone. The relative importance of the United Kingdom became quite visible: this country alone accounted for 23% of the total extra EU current international transactions, and over 78% in the case of the European Union non-euro-zone countries⁵. These non-euro-zone Member states represented 30% of the total extra EU current account. The share was 26% for services, 54% for income and 38% for current transfers

Euro-zone Current account with the rest of the World

	Exports		Imports		Net		Net change (%)
	1996	1997*	1996	1997*	1996	1997*	
Current account	999 676	1 146 400	946 883	1 068 718	52 793	77 681	47 %
Goods	633 934	731 028	565 411	637 495	68 523	93 533	36 %
Services	191 549	217 423	192 016	218 940	-467	-1 517	-225 %
Transportation	48 422	56 314	50 405	57 629	-1 983	-1 315	34 %
Travel	53 407	62 028	48 426	54 095	4 981	7 933	59 %
Other services	88 189	96 131	91 971	104 230	-3 782	-8 098	-114 %
Services not allocated	1 532	2 950	1 214	2 988	318	-38	..
Income	141 296	162 210	138 126	159 362	3 170	2 848	-10 %
Current transfers	32 898	35 738	51 330	52 919	-18 432	-17 181	7 %

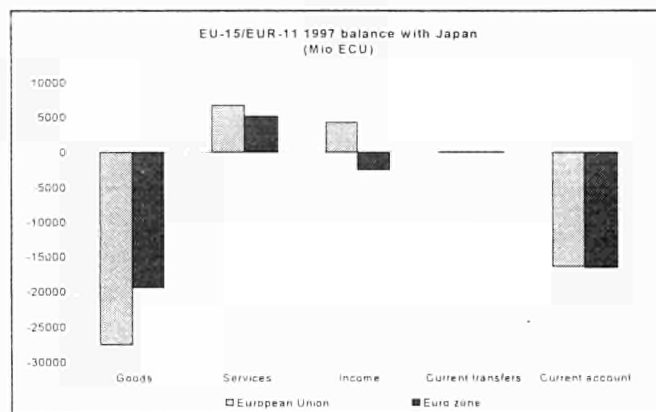
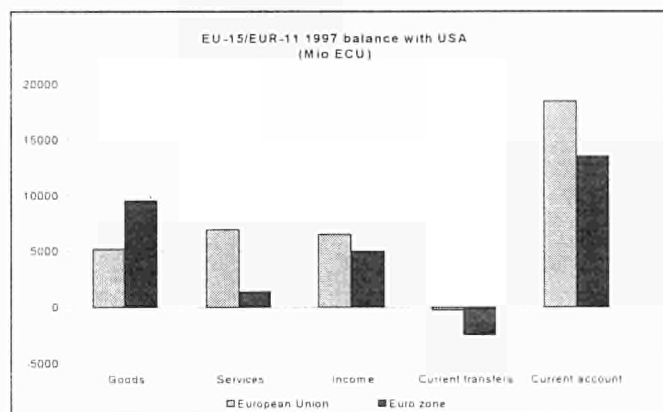
* Preliminary results

.. Not applicable - sign change

The direction of trade: the Unions, USA and Japan

The **European Union** remained its own main trade partner. In 1997, 61% of the EU current international transactions were carried out with other EU Member states. The United States, with a share of 27%, continues to be the main partner of the EU in its current transactions with the rest of the world. Japan comes far behind and represented 7% of total EU current external transactions. In contrast with the EU, the euro-zone traded slightly more with the rest of the world (51%) than with itself. But the shares of the United States (18%) and Japan (4%) are less important in extra-euro-zone current transactions. The EU balance of services with **USA** reached a surplus of almost ECU 7.0 billion in comparison with ECU 1.1 billion in 1996. The current account soared to an ECU 18.5 billion surplus due to the surplus growth registered in trade in goods (from ECU 0.4 to 5.2 billion). The EU current deficit with **Japan** fell by 45% from ECU -11.3 billion in 1996 to ECU -16.4 billion in 1997. The decisive weight of the deficit in goods offset the surpluses registered in services (ECU 6.7 billion) and income (ECU 4.3 billion).

The **euro-zone** current account balance with the **USA** followed the same pattern as the European Union: strong surplus in the current account (ECU 13.5 billion) explained by the expansion of trade in goods (from ECU 2.5 in 1996 to 9.6 billion in 1997). Trade in services in 1997 recorded a surplus of ECU 1.4 billion, up from a deficit of ECU -3.2 billion in 1996. The reason for this change was the combined improvement in the balances of Transportation, Travel and particularly Other Services. In deficit in 1996, the balance of Other services experienced a significant surplus in 1997 (ECU 0.9 billion). The euro-zone current account balance with **Japan** revealed a deficit of ECU -16.6 billion. In contrast with the EU income surplus (ECU 4.3 billion), the euro-zone reached a deficit estimated at ECU -2.4 billion.



⁵ Denmark, Greece, Sweden and United Kingdom

Further information:

➤ Reference publications

Title "EU/euro-zone current international transactions, edition 1998"

➤ Data bases

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